April 2, 2018

Dear Fellow Shareholder,

During the past year, I challenged myself and my team to execute on a number of key strategies that would enhance the strength and performance of our Company. I believe our achievements in 2017 have set the business up for future growth while improving its near-term health and stability.

The strategic acquisition of Britco, the largest modular building rental platform in British Columbia, brought us closer to our goal of optimal revenue diversification by providing a dominant position in an adjacent market, with a fleet of almost 2,000 rental units and several hundred distinct customers. With the subsequent two full quarters of contribution from Britco, along with an expanded open lodge offering, and improvements in western Canadian market activity, revenue and cashflows in the second half of the year improved compared to the first half of 2017.

We also restructured the overall Black Diamond business to optimize efficiencies, reduce costs, and to be more responsive to customers. This immediately reduced our cost to operate the Company while also boosting sales activity. Our focus on selling under-utilized assets has resulted in over 1,000 beds of dormitory capacity being sold since the end of 2015, freeing up capital to partially fund asset additions in our modular space business where demand warrants investment. All the while we have continued to reduce debt levels and are accelerating this deleveraging in 2018 as we look to provide added financial flexibility and to increase the relative value of the enterprise to shareholders.

We continued to diversify both geographically and by industrial sector and were rewarded with strong growth in all markets outside of Alberta. With our improved balance sheet and substantial asset base, we are well positioned for 2018 and beyond.

Diversifying and Positioning by Geography and Industry Sector

Modular Space Solutions (“MSS”):
I am excited by the scale and scope of our MSS platform, which now consists of nearly 6,000 rental units. Demand in British Columbia, which is broadly based and related to strength in construction, mining and forestry, has been robust enough to absorb certain underutilized assets from Alberta.

In eastern Canada, our branches in the Greater Toronto Area and in Ottawa are benefiting from the high levels of activity supported by increased general construction and government sponsored infrastructure spending. Our US branches in the southern states are also experiencing strong demand and seeing more opportunities for our major projects team to pursue temporary and permanent modular applications in the healthcare, military, technology, education, and administrative industries.

I believe the value of our MSS segment is currently underappreciated. That should change as we continue to build and expand this business and its products and services. The stability of the recurring cashflow from this business is a foundation upon which we can rely as our resource-oriented workforce housing business encounters the inevitable cyclicality of commodity driven activity.

Workforce Solutions (“WFS”):
While our WFS platform has been challenged by the lack of major capital projects in the western Canadian energy sector over the past several years, we do continue to generate positive cashflows and have experienced modest improvement in the second half of 2017, which could quickly accelerate if any one or more of the large development projects currently awaiting final approvals were to go ahead.

Field level activity improved in 2017 in certain regions, specifically in the Montney and Duvernay liquids-rich shale plays, creating demand for our wellsite and surface rentals but also for strategically placed open camps, an offering we expanded in the year. Our online reservation service, LodgeLink, is also capitalizing on this activity as bookings through the online marketplace have steadily increased since the commercial launch in October 2017.

In the context of geographic diversification, we decided to incur the considerable cost of relocating wellsite accommodation units from North Dakota to west Texas. This has proved to be an effective strategy as these assets in west Texas have worked at close to full utilization and continue to do so. Our Australian business has improved noticeably since mid-year, driven by improving commodity development economics and strong urban infrastructure growth.

Meanwhile, we retain perhaps the largest fleet of relocatable accommodation complexes with private washrooms in western Canada. This is the accommodation format that is expected to be of highest demand. We have ensured that our relatively new asset base is well maintained and well situated to participate in any significant remote project in Canada. The upside potential for the Company from an improvement in resources activity is significant.

Well positioned for 2018 and beyond

I am confident that we are making the difficult but necessary decisions to improve financial flexibility, and reduce the cost of operating the business, while positioning to not only survive but to deliver value in the current market environment.

As we move into the second quarter of 2018, balance sheet management remains a primary objective. Since the Company went public in 2006 we had geared the business to run at 1.0 to 1.5 times debt to EBITDA which I would consider to be fairly prudent. Our recent elevated debt to cashflow ratios are the result of deteriorating cashflows caused by lower business activity due to the extended downturn in resources development. We have worked very hard to bring down debt while continuing to diversify the platform. We have in fact reduced gross debt by over $80 million in the past three years. Subsequent to the suspension of our dividend we are even more focused on improving both sides of the equation as we intend to continue to substantially pay down debt while increasing the cash generation of the business.

What I am most pleased with is the continued dedication and exceptional performance of our employees. Our overall head count has reduced by more than 50% in the past three years yet the Company now operates in more branch locations and with a larger consolidated fleet of assets. Our dedicated employees have worked tirelessly through a most difficult operating environment, and with a continued strong safety culture.

We are working hard to ensure that the Company is very well positioned for capitalizing on a recovery in western Canadian resources activity, especially in the event of a catalyst project such as a major infrastructure build for LNG or oil export. We have a high-quality asset base, an exceptional team of dedicated professionals, and a culture of innovation.

On behalf of the entire Black Diamond team, I thank you for your continued ownership and trust.

Respectfully,

Trevor Haynes
Chairman & CEO
Black Diamond Group Limited

Cautionary Note Regarding Forward-Looking Statements

Certain information or statements in this letter may contain forward-looking statements. The reader is directed to the Cautionary Statement Regarding Forward-Looking Statements in Black Diamond's Annual Information Form for the year ended December 31, 2017, which cautionary statement is deemed to be incorporated by reference herein.